



AL RAJHI FINANCIAL SOLUTIONS

Proposal for a non-recourse debt pledge fund

MAY 25TH 2020

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Our Understanding

(ii)

Company and Fund

It is your intention to form a Special Purpose Vehicle ("SPV" or "Investment Fund" or "Fund") to be established between your Company ("[Company](#)"), and ARFS as follows:

- Your Company (the Limited Partner as depicted in the graph below, or "LP") will hold 50% of the SPV and contribute with:
 - the set-up costs
 - the minimum legally required initial equity
 - the projects to be financed (underlying assets of the Fund)
- ARFS (the General Partner as depicted in the graph below, or "GP") will hold 50% of the SPV and contribute with:
 - the regulatory required local licenses, including setting the SPV as a qualified lender under the DIFC framework
 - the allocation of Lloyds credit insurance capacity to the Projects
 - the Fund management
 - the capitalization of the SPV (financing of the underlying assets of the Fund).

The Fund's Net Income will be distributed equally between GP and LP.
Initially, this GP-LP relationship is to be governed by a Protocol of Collaboration and subsequently, by a Shareholders' Agreement, once the SPV is formed.

Figure 1

Non-recourse debt pledge fund: structure & operating parties

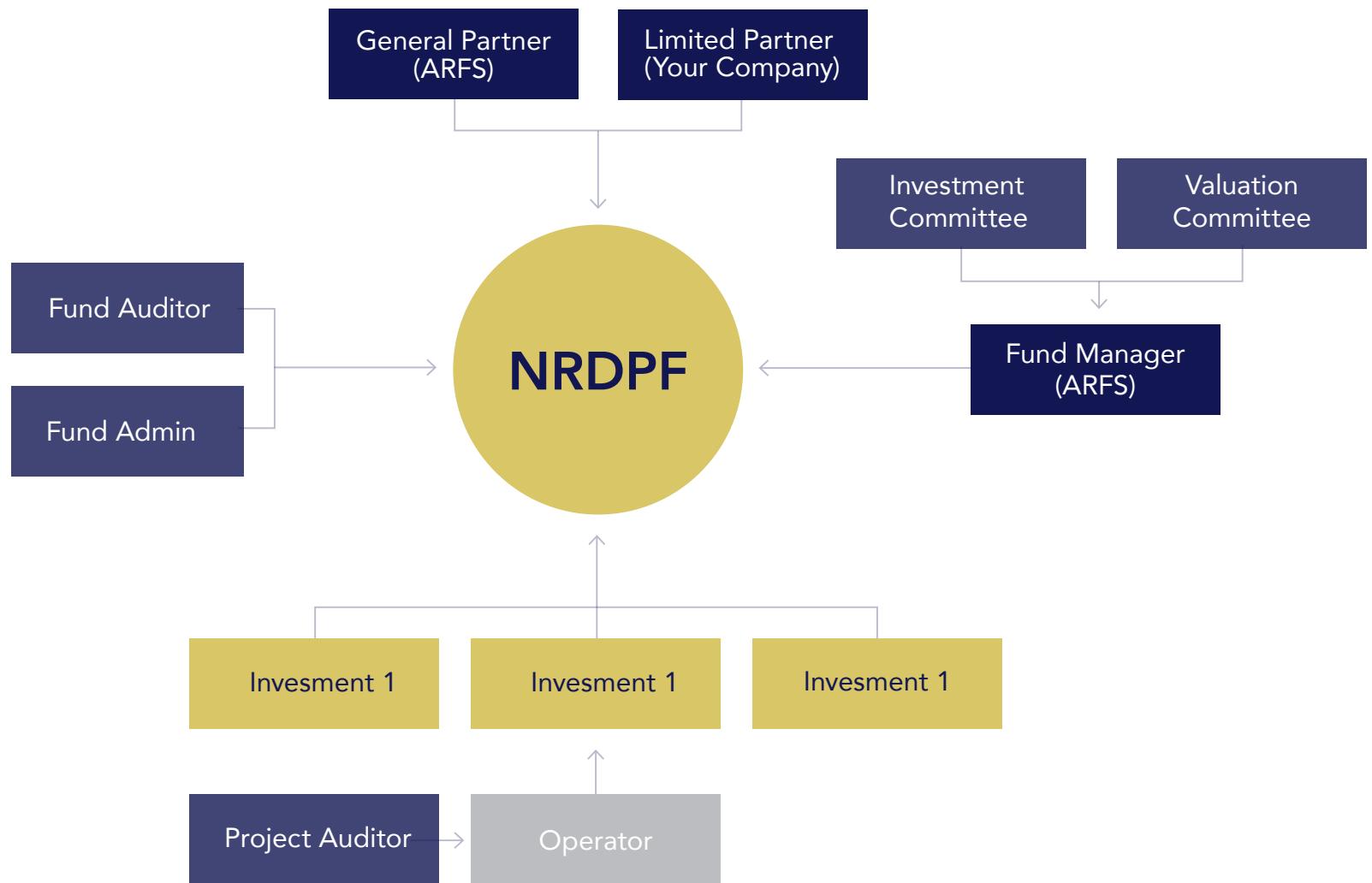
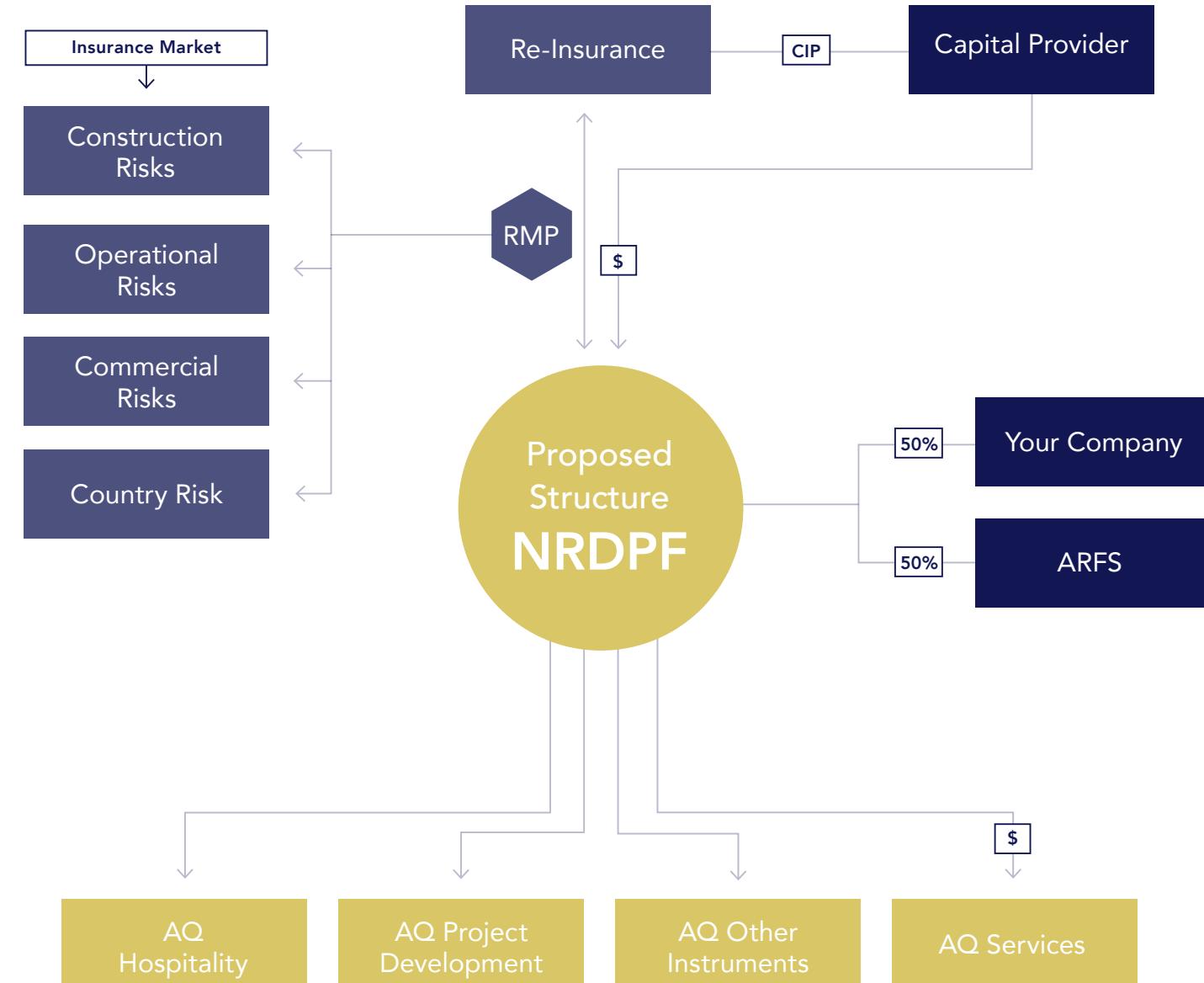


Figure 2

Proposed Structure



(ii)

Your Projects

a. Specific projects under each of the Operating Companies in your 4 business units:

- Hospitality
- Project Development
- Real Estate
- Other Investments

b. Other projects that may fit the conditions set by the NRDPF.

At the moment, the Projects are expected to amount to approximately to be deployed over a period of 3-5 years.

(iii)

Your Need

An initial pledge of 300M, in a combination of debt and equity, to finance the acquisition and development of the first batch of Projects, referred to in numeral (ii) above. The specific needs per project are to be discussed with the Company, or are to be integral part of the scope of DIFC's advisory work.



(i)

Our Integrated Solution

Figure 3

Our Approach

ARFS is a unique **one-stop solution** for infrastructure and commercial real estate project finance **advisory** in the global markets. The above is founded on ARFS's 30 years of experience in advising both buy-side and sell-side clients through its unique suite of services. ARFS is uniquely positioned to execute and deliver beyond the capabilities of other investment banking firms due to its deep understanding and knowledge of infrastructure as a long-term asset class and its broad, strategic network of risk underwriters and institutional investors.



The one-of-a-kind value proposition that ARFS delivers consists of the integration of 5 different advisories:

(A)

Impact advisory:

ARFS structures a plan to ensure that the project becomes eligible to Impact Investors by designing and implementing social and environmental Impact Programs that perform as a conduit to improve the quality of life of the communities it affects. At the same time, it contributes to reduce the cost of capital to the Project and consequently creates greater enterprise value to sponsors and investors.

(B)

Risk Management advisory:

ARFS conducts a thorough risk assessment of all the construction, operational, commercial, environmental, social, and political risks associated with the Project and implements the most cost-effective insurance solutions to either completely cover or partially mitigate each individual risk. Subsequently, it rolls up all the individual solutions into an integrated wrap which it resells to the re-insurance markets, resulting in the issuance of a comprehensive financial guarantee to be pledged to lenders and investors.

(C)

Project Finance advisory:

ARFS designs and implements a financing structure that takes recourse only on the project's future capacity of cash flow generation. This voids the need for government entities to finance, subsidize, or guarantee the financing by transferring these responsibilities to global capital markets and commercial insurance markets. ARFS underwrites and issues a long-term debt instrument in the form of a Project Bond which is floated in the secondary markets as an integral part of the Project Finance advisory. This generates an exit strategy for all debt and equity providers, and delivers the most cost-effective long-term financing alternative to the Project.

(D)

Project Management advisory:

ARFS assists project sponsors in the selection and engagement of all required stakeholders, and takes an active role in the drafting, negotiation, and execution of all contractual relationships to better allocate risks and responsibilities to those parties best prepared to assume them.

Asset Management and Investment Valuations advisory:

ARFS provides the service of monitoring the financial performance and pricing of the asset at fair market value, in order to comply with accounting standards and audits. ARFS will create and maintain financial models and provide recommendations on the asset management in order to maintain the expected

(ii)

Investor Relations Capabilities

INVESTOR RELATIONS ("IR") is an integral part of the ARFS's advisory process. ARFS-IR's hands-on continuous involvement enables a faster, smoother closing.

Figure 4

1.Pre-engagement

Guage appetite from capital & insurance providers

2.Structuring

Provide real-time intelligence to engineer a bankable capital structure

3.Soliciting

Receive firm commitments for capital & insurance

ARFS-IR's edge is rooted in the unique combination of 5 strengths:

(1)

Capital Providers:

ARFS-IR's access to **vast** sources of capital and its in-house **risk appetite map** enables the targeting of the most pertinent sources for each project.

(2)

Proprietary Methodology:

ARFS-IR's process is uniquely developed from deep expertise in **business intelligence** and a wealth of experience with **Capital and Insurance Markets**.

(3)

Resilient Campaigns:

Soliciting Campaigns are resilient, dynamic and fluid when determining **who** to contact, and **when** and **how** to contact them -expanding, contracting and reshaping the roster as needed. Key shapers of the Campaigns are ARFS's **due diligence** and ARFS-IR's **market intelligence**.

(4)

Dual Curation:

A dual curation of **capital providers** and **of contacts** enables the engagement of the most relevant **decision-makers** at each relevant entity.

(5)

Know-How:

ARFS-IR knows how Capital Providers' and Insurance Carriers' brains are wired, streamlining and optimizing the path to financial closing.

(iii)

Our Professional Fees and Payment Schedule

Monthly Advisory Fee:

US\$ 50,000.-/month, for a minimum of 6 months, payable in two (2) installments of \$150,000.- each, the first being paid at the execution of the Agreement for a total of US\$ 150,000.- and the second one being paid at the beginning of the fourth month of the mandate.

Each Advisory Fee payment will be non-refundable, except that, in the event of a termination of this Agreement prior to the end of a monthly period, a corresponding portion of the monthly Advisory Fee paid in respect of that month (prorated as of the effective date of the termination) will be refunded to the Company.

Expense Reimbursement Costs:

US\$ 50,000.- to be paid at the execution of the agreement for the term of the engagement, which amount will be held by ARFS in escrow, and applied against any amounts that become due hereunder but remain unpaid for more than fifteen (15) days.

The Expense Reimbursement Costs will be used to reimburse ARFS for any and all customary costs and expenses incurred by it in connection with the provision of Advisory Services under this Agreement, including, but not limited to, data services (including CapIQ/Bloomberg and Data Room), background investigation costs, if any, travel, out-of-pocket expenses, and fees and expenses incurred with third parties, including legal counsel. Reimbursement of such costs and expenses will be due upon invoicing by ARFS. ARFS will not incur any individual expense in excess of US\$ 5,000.- without obtaining the Company's prior approval.

In the event ARFS applies any portion of the monthly fee retainer and/or expense account against any due but unpaid amounts as contemplated in the preceding sentence, ARFS may, but will not be obligated to, cease all work hereunder unless and until the Company replenishes such retainers to their original levels. In such event, the Company will not be relieved of any obligation under this Agreement during the term of any such cessation of work by ARFS. At the conclusion of ARFS's engagement hereunder, ARFS may apply any portion of either or both of such retainers to any amounts that remain due but unpaid and, thereafter, will refund the balance of the retainers, if any, to the Company.

ARFS's Success Fees:

Debt Arrangement Fee:

1.50% flat of the Senior Debt Facility Amount, to be paid at Financial Close

Equity Arrangement Fee:

3.00% flat of the Equity Facility Amount, to be paid at Financial Close

Financial Guarantee Arrangement Fee:

0.50% flat of the Face Value of the financial guarantee

(iv)

Fund Set-up Cost

Initial Regulatory Capital Requirement:

US\$ 2,000,000 - to be paid at the time of the execution of the Agreement.

Registration Fees (DIFC):

US\$ 152,300.- to be paid at the execution of the Agreement to cover the registration fees with the DIFC, as follows:

DIFC Application Fee	\$70,000.-	DIFC Commercial License Fee	\$12,000.-
DIFC Name Reservation	\$800.-	Data Protection Fees	\$1,500.-
DIFC Application Fee	\$8,000.-	Service Providers & Consultants (mandatory):	\$60,000.-
		<ul style="list-style-type: none">• Accountant• Auditor• Compliance• Custodian	

Please refer to Annex I & II for a detailed Standard Due Diligence Checklist and Standard Action Plan respectively, with tasks broken down per phase for a project in a typical 180-day mandate.

Figure 5

ADGM Timeline	Week																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Provide ADGM with Letter of Intent	■																								
Provide ADGM with Regulatory Business Plan	■																								
Submit application document to ADGM	■																								
ADGM assesses & acknowledges receipt	■																								
ADGM sends initial review letter; dialogue ADGM-Applicant begins	■	■																							
ADGM completes review, issues an "in principle" approval letter (4 mo)			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Register & incorporate with the Registrar of Companies																					■				
Fulfill any condition included in the "in principle" approval letter																				■	■	■	■	■	■
ADGM completes final inspection & authorization																									■

(vi)

Fund Set-up Timeline

The "in principle letter" allows the Applicant to complete any other outstanding matters (e.g., the incorporation procedure with the DIFC Registrar of Companies, open a bank account for the new entity, office set-up, visas).

This letter will generally be **valid for 3 months**. Any conditions in the letter, such as incorporation, operational premises, capitalization of the firm or any other outstanding matters, must be completed **within this time frame**. DIFC issues the DIFC license when the Applicant can demonstrate that he has fulfilled all the conditions set out in the letter.

The timeline set out above is indicative only. The time taken to process the application will depend on its scale and complexity, as well as the timely submission of information by the Applicant, and the Applicant's response to any requests for further clarification.

Standard Action Plan

In grey: Client's responsibilities

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Phase 0: Due Diligence and On-Boarding																											
Submit AFS Corporate Presentation																											
Execute NDA																											
Introduce AFS's Standard Methodology																											
Submit Standard Action Plan																											
Submit Standard Due Diligence Checklist																											
Conduct Introductory Working Session																											
Complete Company Profile(s)		■	■																								
Submit KYC form		■																									
Obtain KYC info from client/sponsor		■																									
Conduct Project Research		■	■																								
Obtain approval from Compliance			■																								
Complete Project Profile		■																									
Submit Preliminary Checklist		■																									
Conduct Project Research		■																									
Conduct initial impact assessment		■																									
Obtain Preliminary information on Project (Asset Class, Total \$, Status)			■																								
Assess Preliminary Information			■																								
Create Preliminary Financial Analysis		■	■																								
Prepare Impact Position Statement		■																									
Prepare Project Fact Sheet		■	■																								
Submit Project Fact Sheet			■																								

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Express Letter of Interest																											
Conduct Market Sounding																											
Conduct Capital Markets pre-marketing																											
Launch pre-marketing campaign																											
Conduct pre-marketing campaign																											
Conduct Insurance Market sounding																											
Prepare Market Sounding Summary																											
Conduct Commitment Committee (CCOM) evaluation																											
Prepare CCOM form																											
Obtain approval from client of final CCOM form																											
Request CCOM meeting																											
Deliver CCOM Report																											
Perform CCOM meeting																											
Obtain final approval of CCOM																											
Proposal																											
Prepare commercial proposal																											
Submit commercial proposal																											
Execute Financial Consulting Agreement																											
Complete Financial Consulting Agreement																											
Submit Financial Consulting Agreement to Client																											
Review and discuss Financial Consulting Agreement																											
Execute Financial Consulting Agreement																											

Phase 1: Structuring																											
Create Data Room																											
Define Table of Contents and structure tailored to project																											
Assess pending information																											

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
Request pending information to client					■	■	■																					
Obtain and process a) Administrative					■	■	■																					
Obtain and process b) Technical					■	■	■																					
Obtain and process c) Commercial					■	■	■																					
Obtain and process d) Legal/Regulatory					■	■	■																					
Obtain and process e) Financial					■	■	■																					
Obtain and process f) Risk Management					■	■	■																					
Obtain and process g) ESG					■	■	■																					
Assess Final Data Room Information											■																	
Prepare Data Room Master Document											■																	
Design Risk Management Program											■	■	■															
Identify project and country risk											■																	
Assess project and country risk											■																	
Quantify and qualify project and country risk											■	■	■															
Quantify and qualify construction risk											■	■	■															
Quantify and qualify operational risk											■	■	■															
Quantify and qualify commercial risk											■	■	■															
Quantify and qualify political risk											■	■	■															
Design optimal coverage & mitigation products																■												
Implement Insurance Policy Wraps																		■										
Draft & Deliver Offering Documents																												
Create Revised Action Plan																■												
Design Specific Action Plan based on Data Room completion																■												
Submit Revised Action Plan to client																■												
Obtain approval Action Plan from client																■												
Submit Action Plan to stakeholders																■												
Prepare Financial Model																■	■	■										

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Design template								■	■	■																	
Identify Assumptions and Drivers								■	■	■																	
Design Capital Structure, Sources and Uses								■	■	■																	
Prepare Projected Financial Statements								■	■	■																	
Conduct Sensitivity Analysis										■																	
Conduct audit of Financial Model											■																
Deliver Financial Model												■															
Create Business Plan									■	■	■																
Administrative								■	■	■																	
Financial								■	■	■																	
Commercial								■	■	■																	
Technical								■	■	■																	
Legal/Regulatory								■	■	■																	
Risk Management								■	■	■																	
ESG								■	■	■																	
Conduct audit of Business Plan											■																
Submit Business Plan												■															
Create Executive Summary									■	■	■																
Create Valuation Exercise									■	■	■																
Create Ideal Terms Sheet																	■										
Create Management Presentation															■												
Conduct overall audit																■											
Create Soliciting Campaign																	■										
Populate Investor Roster																	■										
Obtain approval by Client																	■										
Obtain approval by Compliance																	■										
Migrate Business Plan to Confidential Information Memorandum																	■										

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Phase 2: Soliciting																											
Launch Soliciting Campaign to Capital Markets																											
Submit Executive Summary to Capital Providers																											
Obtain feedback from Capital Providers																											
Execute NDAs																											
Conduct Master Document and Data Room walk-through																											
Grant Data Room access to Capital Providers																											
Assist due diligence processes																											
Assist Sensitivity Analyses																											
Conduct Q&A sessions																											
Issue RFPs																											
Obtain Initial Terms Sheets																											
Launch Soliciting Campaign to Insurance Carriers																											
Invite Insurance Carriers																											
Conduct Data Room walk-throughs																											
Open Data Rooms																											
Conduct Q&A sessions																											
Obtain initial Proposal																											
Conduct Open Book & Comparative Matrix Process																											
Obtain final Risk Management Program from Broker of Record																											
Assess deductibles, exclusions and not insurables																											
Finalize Holistic Risk Management Program																											
Phase 3: Negotiation																											
Design and analyze a rating matrix for Terms Sheets																											
Evolve term sheets to the best possible terms and conditions																											
Execute Final Terms Sheets																											

Action Plan & Project Timeline	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
Phase 4: Closing																												
Assist with final due diligence																								■	■	■		
Assist with drafting and negotiation of all contractual documents																							■	■	■	■	■	
Assist with execution of contractual documents																								■	■	■		



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